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THE SILVER "GRIEVANCE."

IN his article entitled "The Free Coinage of Silver," in the March number of the *JOURNAL*, Mr. Francis A. Walker asserts that the free coinage people have a "grievance," and in his statement of that grievance he appears to do an unconscious injustice to a gentleman who is ranked by many as the leading financier and foremost champion of "honest money" in the United States. This will be seen more clearly by bringing into closer contact the central points of General Walker's explanation, as follows :

In 1873, nearly coincidentally with the demonetization of silver by Germany, Congress revised the coinage laws of the United States, making many changes, great or small, and reducing the whole body to a compact and systematic form. In the course of this the silver dollar of 412½ grains, "the dollar of our fathers," was dropped out ; and the United States became, in law, a gold monometallic nation. This constitutes the grievance of the silver people. . . . Now, as one who has read a great deal from both sides on this subject, I do not believe that any fraud was committed or intended, in making so important a change in the unnoticed way in which it occurred. . . . Some committeeman, or some few committeemen, ran the pen through the silver dollar ; and the thing was done. Few Congressmen outside of the committee knew that any vital change was impending. The measure passed through the usual course ; the bill was duly "read" the regular number of times ; and, without a debate and even without the attention of members generally being called to this feature, the demonetization of silver was effected.

What man ? What committee ? Evidently General Walker means that the committee had the legal right to make this alteration "without the attention of members generally being called to this feature," for he denies that "any fraud was committed or intended ;" and yet I cannot believe that he will hold this position when his attention is called to the fact that the change was made in a conference committee, to which no amendment affecting this feature of the bill had been referred, and that no report of this change was made to either house. A conference committee has large powers, but to "run a pen through" a provision on which both houses had agreed, and make no report of the action, is hardly within them. In disregarding the fact as to when the change was made, as is too commonly done by writers on all sides of the silver question, injustice is done to Hon. John Sherman, for he was at the head of the senate managers of that conference committee ; he has assumed responsibility for the change by avowing

knowledge of the dropping of the dollar; and he has explained that occurrence so often, and so copiously, that it is unfair to offer any merely inferential explanation for it. Especially is it unjust to intimate, as General Walker does, that the alteration was an off-hand act of the committee, or one of its members, in response to the demand for gold monometallism by the international monetary conference of 1867, or in imitation of the German demonetization of silver. At no time has Mr. Sherman used any language that would admit of such interpretation. In evidence of these propositions I beg to submit Mr. Sherman's statements, with only such comment as is necessary to explain their connection with surrounding circumstances at the time they were made, and at the time of the passage of the act.

The coinage act of 1873 was a house bill (No. 2934) which had come to the senate in the due course of legislation. On January 17 it came up for amendment and passage, and its intent as to the standard silver dollar was fully explained by Mr. Sherman, as head of the finance committee, in these words:

This bill proposes a silver coinage exactly the same as the French and what are called the associated nations of Europe, who have adopted the international standard of silver coinage; that is, the *dollar provided for by this bill* is the precise equivalent of the five-franc piece. It contains the same number of *grams* of silver; and we have adopted the international gram instead of the grain *for the standard* of our silver coinage. The "*trade dollar*" has been adopted mainly for the benefit of the people of California, and others engaged in trade with China. *That is the only coin measured by the grain instead of the gram.* The intrinsic value of *each* is to be stamped upon the coin. *Congressional Globe*, 3d Sess. 42d Cong., p. 672.

Human perversity cannot misinterpret this language. It means that the bill provided for two dollars, the one measured in grams and the other in grains, the one the standard of our silver coinage and the other a special coin for convenience in the Chinese trade. Instead of demonetizing silver it was the principal purpose of the act to bring the United States into full harmony with the associated nations of France, Belgium, Switzerland and Italy, which had adopted an international coinage. And that Mr. Sherman especially desired this result is put beyond question by his further statement:

The Chamber of Commerce of New York first recommended this change, and it has been adopted, I believe, by all the learned societies who have given attention to coinage, and has been recommended to

us, I believe, as the general desire. That is embodied in these three or four sections of amendment to make our silver coinage correspond in exact *form* and *dimensions*, and *shape* and *stamp*, with the coinage of the associated nations of Europe who have adopted an international silver coinage. *I do not like myself to break in upon this plan or to change it in the slightest degree.—Ibid.*

And the Senate agreed so fully in this policy that it adopted all the amendments excepting that it insisted on retaining the emblem of the eagle on the dollar, half-dollar and quarter-dollar. The amendments were adopted and the bill passed on the same day. No amendment whatever was made by the Senate to section 15 of the law (section 16 of the original bill), which provided for the value and weight of the silver coins; and that Congress never abandoned its intention to join in the international silver coinage system is proven by the fact that in the law, in this section, the silver coinage is measured in grams, except the trade dollar, which is measured in grains. The House declined to concur in the Senate amendments, and a conference committee was appointed. This committee reported to the Senate on February 6 and to the House on February 7. The reports are identical. There is not a word in either to indicate that the standard dollar had been dropped. They refer to nothing whatever except the twenty amendments of the Senate, all of which but six were accepted, and none of these have any reference to section 15. There was, however, one change reported that affected all silver coinage. The ninth amendment had provided for free coinage of the trade dollar. To this the conference committee had added the words, "and no deposit of silver for other coinage shall be received." Presumably the members did not catch this significant clause buried in the body of the report. It was adopted without explanation or comment. Thus a Congress, which proposed to put our silver coinage on the basis of the associated nations of Europe, in the short space of three weeks succeeded in dropping the silver dollar from our list of coins, and in prohibiting its coinage at the mints. Instead of bringing our old silver dollar (.8593 ounces) to the international five-franc standard (.8018 ounces), it gave free coinage to no silver coin but the trade dollar (.8736 ounces), which contained more silver than the Chinese dollar (.866 ounces), the Japanese yen (.8667 ounces), or the Mexican dollar (.87 ounces), which were then the silver standards of greatest intrinsic value. It is plain that the necessary effect of this was to depreciate the value of silver instead of sustaining it as proposed. In all the history of legis-

lation no such extraordinary result has been attained in so extraordinary a manner. And now for the explanation :

On March 30, 1876, the matter came up in the Senate, in the discussion of the proposition to take from the trade dollar its legal tender quality, which it, with our other silver coins, had held to the extent of \$5 under the act of 1873. Senator Bogy stated that the act of 1873 had demonetized silver, and immediately the following colloquy ensued :

Mr. Conkling—"Will the senator allow me to ask him or some other senator a question? Is it true that there is now, by law, no American dollar; and if so, is it true that the effect of this bill is to be to make half-dollars and quarter-dollars the only silver coin which can be used as a legal tender?"

Mr. Sherman—"I will answer the senator from New York that since 1853 the use of the silver whole dollar has been discontinued and none has since been issued. That has been so since 1853."

Mr. Conkling—"Is there no power to issue it?"

Mr. Sherman—"There is no power and has been none."

Mr. Bogy—"The power to issue existed from 1853 to 1873, but since 1873 I think there has been no power."

Mr. Sherman—"There has been no silver dollar issued since 1853, and my impression is that the law of 1853 did not confer the power to issue it. The senator thinks it did confer the power, but the law of 1873 cut off the power, in my judgment, if it existed. The dollar was practically dropped from our coinage system for the best possible reason, *the same reason* that the five-franc piece and the large coins of England have been dropped out of their currency, *simply because it is inconvenient in size and form* for ordinary coinage and ordinary business."—*Congressional Record*, 1st Sess. 44th Con., p. 2,062.

It has long been a matter for wonder to me that so little attention was drawn at the time, and has been since, to the remarkable ability of this statement. Mr. Conkling was a man of ability. He was present in the Senate, and participated in debate on both January 17 and February 6, 1873. Still he asks in astonishment if there is no American dollar, and accepts this answer as satisfactory. Mr. Bogy was a man of ability. He was clearly right in his statement of the law, and yet he accepted this answer. Obviously Mr. Sherman's ability surpassed that of either. Unquestionably, as he says, the law of 1853 did not confer the power to issue the silver dollar. That was "an act amendatory of existing laws relative to the half-dollar, quarter-dollar, dime and half-dime," which neither continued, discontinued, nor in any way affected the silver dollar. And as to the issue of dollars after 1853, there was only one year from 1853 to 1873 in which silver dol-

lars were not minted ; there were more silver dollars coined in 1859, 1860, 1871, and 1872 each, respectively, than in any one of the preceding years of the government ; there were more silver dollars coined from 1853 to 1873 than in the entire preceding period of the government's existence. Certainly the law of 1873 cut off the power of coinage "if it existed," and for the "best possible reason." It may be difficult for weak-minded persons to understand why, after all the pother about adopting the international coinage of the associated nations of Europe, as desired by "all the learned societies," etc., Congress should have suddenly decided the silver dollar, equal to the five-franc piece, was an inconvenient coin, but in this day of progress no sensible person refuses to accept truth because it is hard to understand. If one stumbled at that, how would he ever understand why, when dropping the standard dollar because it was "inconvenient in size and form," Congress provided for the free coinage of the trade dollar, which was still larger and more inconvenient in size and form? It may be mentioned incidentally that France did not discontinue her coinage of the five-franc piece on account of inconvenience, but restricted her silver coinage in the fall of 1873, and suspended it in 1876, on account of the demonetization of silver by Germany, and the subsequent depreciation of silver—or, more properly, appreciation of gold.

In April, 1876, the silver question was again before the Senate, and on the 25th Mr. Sherman offered the following lucid explanation of the disappearance of the silver dollar from our system :

I have been often asked, not only in this chamber but outside, how comes it that the silver dollar was dropped from among the coins of the country? The answer is that in 1873, *when these statutes were so carefully revised*, the silver dollar, as provided in the then existing law, *was worth more than a dollar in gold*, more in the money markets of the world. There was no use then in issuing the dollar, because it would go into the melting pot, being worth more than the gold dollar. That was the reason why the silver dollar was not provided for. . . . *The idea of reducing it down to the French standard of fifteen and a-half to one was not entertained*, as our subsidiary coin which then filled the channels of circulation was actually only fourteen and a-half to one. There was no object, therefore, in issuing the silver dollar for the purpose of maintaining the double standard.—*Congressional Record*, 1st Sess., 44th Cong., p. 2735.

At first blush there may seem to be some conflict between this and preceding statements, but it will be noted that this is not given as

"the best possible reason." For convenience it may be known as the second best reason. The dollar of "the then existing law" was worth more than a dollar in gold. That was not the dollar of which he said, "The dollar *provided for by this bill* is the precise equivalent of the five-franc piece." The five-franc piece, as valued by the director of the mint in 1873, was worth 96 cents in gold. Hence it was ample reason for dropping "the dollar provided for by this bill," that the dollar of "the then existing law" was worth more than a gold dollar. And as to the idea of adopting the French international standard not being entertained, that all depends on what you mean by entertainment. Some people may think an idea is not entertained unless a dinner-party is given in its honor. If the idea of adopting the international standard felt entertained by the treatment it received in 1873, it must have been easily satisfied.

Well, *tempora mutantur*, and in 1892 Mr. Sherman explained why the silver dollar was omitted in the coinage act of 1873. He said :

"Why, senators, I state to you that the bill was passed in its final stages without a single objection from the representatives of California, Nevada, the West, and all the country. Not one vote was cast against the passage of that bill. It is sometimes said that they did not know the silver dollar was dropped. Whose fault was that? Anybody who would *read the bill* would see it. There was *put in the place of* the dollar that was dropped the trade dollar, in order to favor our Western friends in transporting their silver to China. I will speak of that again in a moment.

I have always felt that it was unfair, that it was unmanly, to arraign the gentlemen in charge of that bill, about which they cared nothing, because there was something omitted which was thought to have been in it. Why did those who complain not put it there? The Secretary of the Treasury, the Comptroller of the Currency, and *every man connected with that bill called attention over and over again to the fact that the dollar was omitted*. Why was it omitted? Because *it had been practically obsolete* for a long period of years. There was another reason. It had been *practically demonetized* in 1854 [He means 1853] by the act of a Democratic Congress, under the rule and guide of Mr. Hunter, of this body. . . .

Mr. Teller—"When the senator from Ohio says that silver was demonetized, does he mean that anybody who chose could not go to the mint with his silver and get silver dollars?"

Mr. Sherman—"Oh no; I have already said that anybody could do that. For thirty [He means twenty] years only a solitary individual went, probably, and got \$1000. It was a privilege not cherished. The whole coinage of silver was *only a little over \$8,000,000*."

Mr. Teller—"Will the senator tell us when it was demonetized, how it was demonetized, as long as it would make payments, and as long as the mints were open?"

Mr. Sherman—"Mr. President, I think I have already answered that. I said it was dropped from our coinage."

Mr. Teller—"It was not dropped until 1873."

Mr. Sherman—"Nobody wanted it." It was obsolete, dead, dead. It might be further added that *the fact shown by the public records*, that the reason why the \$1,000,000 [He means \$2,235,736] *was issued in the two last years before this change was made*, was because California was very anxious to get the Chinese laborers then to come over and build a railroad; and this coin, a little less valuable than Mexican coin, was made for the purpose of paying these Chinamen, because they were accustomed to silver in their own country, and wanted silver here. . . .

Now, Mr. President, let us go a little further. A rapid change occurred in the coinage of Germany from a silver basis to a gold basis. *The change in Germany necessarily suspended the coinage under the agreement of the Latin Union.*—*Congressional Record*, 1st Sess., LII. Cong., pp. 4850, 4851.

I have quoted more than the mere reasons of 1892, which for convenience may be known as the third best reasons, in order to show the great development of Mr. Sherman in explanation. In 1876 the suspension of coinage of the five-franc piece was due to inconvenience in size and form. In 1892 it was necessitated by the German demonitization of silver. In 1876 there was no power to issue the silver dollar under the law of 1853. In 1892 any one could have taken silver bullion to the mint and obtained dollars for it. In 1876 there was no issue of silver dollars under the law of 1853—"not a dollar." In 1892 "a solitary individual" had occasionally obtained the issue of a thousand dollars. This access of information is highly creditable.

It will be noted, moreover, that Mr. Sherman here completely disposes of General Walker's theory that the dropping of the silver dollar was a careless, unpremeditated act of some member, or members, of some committee. "The Secretary of the Treasury, the Comptroller of the Currency, and every man connected with that bill, called attention over and over again to the fact that the dollar was omitted." Why, then, does General Walker now say that "No man in a position of trust has a right to allow a measure of such importance to pass without calling attention sharply to it, and making sure that its bearings were fully comprehended?" If he will examine House Executive Docu-

ment No. 307 of the second session of the XLI. Congress, he will find the original draft of the coinage bill prepared by John Jay Knox, together with the correspondence of various experts concerning it. That bill drops the silver dollar from our coinage. General Walker can reconcile his theory with these facts only on the hypothesis that the Knox bill was not the bill that Congress supposed it was passing, and this hypothesis is perfectly correct. The bill that passed Congress was introduced in the House by Mr. Hooper of Massachusetts. He believed, that the United States should adopt the international silver coinage system of the Latin Union, and made an able argument in that behalf on April 14, 1870. He prepared a coinage bill (House bill 1427) which embodied the provisions of the Knox bill as to the regulation of the mint, but retained the silver dollar. On April 9, 1872, explaining this bill, he said:

Section sixteen reenacts *the provisions of the existing laws*, defining the silver coins and their weights respectively except in relation to the silver dollar, which is reduced in weight from four hundred and twelve and a half to three hundred and eighty-four grains; thus making it *a subsidiary coin in harmony with the silver coins of less denomination*, to secure its concurrent circulation with them.—*Congressional Globe*, 2d Sess., XLII. Cong., p. 2306.

The dollar of 384 grains is the equivalent of the five-franc piece. No amendment was made affecting this provision, but on May 27, 1872, bill No. 2934 was substituted for this bill. At that time special request was made for a statement of the changes made by the substitute, as the House was acting under suspension of the rules and without debate. Not a word was said, then or afterwards, intimating that the silver dollar was dropped. On the contrary, we have the express statement of Mr. Sherman, first quoted, as to "the dollar provided for by this bill," and a long debate in the Senate as to whether the emblem of the eagle should be retained in the coinage of the silver dollar. I challenge any person to cite a published contemporary statement in the governmental records that this bill, No. 2934, which was passed, dropped the silver dollar. I challenge the citation of any intimation to that effect by any person, "connected with that bill" or otherwise. I challenge the production of any explanation of the dropping of the dollar that cannot be triumphantly refuted by the statements of Mr. Sherman.

J. P. DUNN.